

***SMALL CITIES COMMUNITY DEVELOPMENT BLOCK  
GRANT PROGRAM***

***EMPLOYMENT DEVELOPMENT FUND***

***PRE-APPLICATION***

***2002***

***State of New Jersey  
James E. McGreevey, Governor***

***Department of Community Affairs  
Susan Bass Levin, Commissioner***

REVISED 3/02

**Small Cities  
Community Development Block Grant  
Program**

***Administered by the  
New Jersey Department of Community Affairs  
Division of Housing and Community Resources***

***Keith A. Jones, Director***

***For Information Concerning  
The Small Cities CDBG Program  
Please Contact:  
Department of Community Affairs  
Division of Housing and Community Resources  
101 South Broad Street  
PO Box 806 (5<sup>th</sup> Floor)  
Trenton, New Jersey 08625-0806***

***Attention: Small Cities Administrator  
(609) 633-6278***

***Or***

***Go to:  
[www.state.nj.us/dca/dhcr/forms.htm](http://www.state.nj.us/dca/dhcr/forms.htm)***

The purpose of this pre-application is to determine the eligibility and feasibility of a proposed Employment Development project. It is designed to begin a discussion which may lead to the submission of a full application and funding or to a determination that the proposal as structured does not meet Small Cities Program requirements.

Employment development projects are typically of two kinds. The first involves providing direct assistance to a business in the form of a loan. In turn, the borrower, if an operating business, pledges to create the jobs principally for people of low or moderate income that justify the use of public funds; or, if a developer, secures such job creation commitments from identified tenants. When direct assistance to a for-profit enterprise, it must be clearly determined that the Small Cities funds are necessary to finance the project.

Direct assistance to for-profits must be in the form of a loan to acquire or renovate fixed assets (plant and equipment); not for operating capital or inventory. Loan terms are negotiable based on the borrower's ability to carry debt, a reasonable rate of return, and benefits to low income people and to the community at large. However, Small Cities funds may not be the primary source of financing.

The second type of employment development project involves a particular public improvement – e.g., a water or sewer line extension, the construction of a road – that is necessary so an existing business can expand or a new business locate in an area. In such cases a grant is made to the unit of government that undertakes the public facility improvement and the jobs are retained or created by specific businesses within the area served by the improvements.

Only eligible municipal or county governments may apply.

Grant ceilings are \$400,000, although this may be exceeded if compelling reasons for doing so are accepted by the Department.

A pre-application may be submitted at any time; there is no filing deadline.

A public hearing is **NOT** required at this time, but one must be held prior to the submission of a full application.

The chief elected official of the unit of local government filing the application must sign where indicated on Page 2.

**PLEASE SUBMIT AN ORIGINAL AND TWO COPIES OF THE PRE-APPLICATION TO:**

**New Jersey Department of Community Affairs  
Attention: Small Cities Unit  
101 South Broad Street; 5<sup>th</sup> Floor  
PO Box 806  
Trenton, NJ 08625-0806**

***PROJECT INFORMATION***

1. Name of \_\_\_\_\_  
Municipality/County
2. In \_\_\_\_\_ County
3. State Legislative District \_\_\_\_\_ 4. Federal I.D. Number \_\_\_\_\_
5. Name and Address of Contact Persons (for applicant and for business).

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City Zip Code

\_\_\_\_\_  
City Zip Code

6. Project Name \_\_\_\_\_ 7. Small Cities Grant Request \$ \_\_\_\_\_

**IF APPLICABLE**

8. Certification by Borrower: To the best of my knowledge and belief, the information in this pre-application is true and correct.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (with respect to this project)

**REQUIRED**

9. Certification by Applicant: To the best of my knowledge and belief, the information in this pre-application is true and correct and the governing body has been informed of its content and submission to the Department of Community Affairs.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (Chief Elected Official)

## **PREAPPLICATION INSTRUCTIONS**

### **1. Project Summary Description:**

Specifically describe the project by addressing the following in your statement:

- what will be done;
- what need(s) will be addressed;
- what is the total cost of the project (itemize component and associated costs);
- what will the Small Cities funds specifically be used for;
- what are the proposed terms of the Small Cities loan;
- where will other financing be obtained and what are the likely terms, where applicable;
- what retained and/or new employment will occur;
- what is the experience of the borrower or those upon whom the borrower will rely to carry out this project;
- why from a market standpoint is the project feasible;
- who will occupy the premises, if different from the borrower;
- what is the prospective schedule from starting date.

### **2. Qualifying Statements:**

Describe why public funds should be used to carry out this project and what special benefits will result. Examples may include some of the following:

- To create a large number of jobs, particularly for people of low and moderate income;
- To reduce the sudden and severe impact of business failures, defense base closings, or relocations resulting in job and tax base losses;
- To reduce chronic high unemployment in the area;
- To address high levels of socio-economic distress;
- To leverage private and other public investment.

### **3. Employment Benefits:**

State the number and occupation of permanent full-time (or full-time equivalent) jobs to be created in years one and two following project completion. Indicate how many of these will benefit persons of low or moderate income.

4. Necessity of Funding:

Explain why this project can not proceed without Small Cities funds. The applicant may be required to provide information permitting a complete financial analysis that demonstrates that the Small Cities assistance is the minimum necessary to make the project work.

5. Financing Structure:

Describe the total project by inserting information in the format set forth below. The total of all sources must equal the total of all uses.

Use(s) of Funds	Sources of Sources	Amount	Term	Rate	Collateral Debt Service
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Collateral: Describe any collateral relative to each source of funds.

Guarantees: Describe any guarantees relative to each source of funds.

6. Repayment Ability:

Select the appropriate projected profit and loss statement format and provide information accordingly. Use footnotes if you need to explain something in particular.

A. Operating Business Profit and Loss

	Year 1	Year 2
Sales		
• <u>Selling, General and Administrative Costs</u>		
• Operating Profit		
• Depreciation		
• Interest		
• Rent		
• Officers Compensation		
• Earnings before Taxes		
• Profit After Taxes		

B. Developer (Real Estate) Profit and Loss

Year 1

Year 2

- Gross Rent
- Vacancy Contingency
- Effective Gross Rent
- Expenses
  - Operating Expenses
  - Property Taxes
  - Insurance
  - Maintenance/Repairs
- New Operating Income
- Debt Service
- Cash Flow

7. Project Site:

State whether the borrower or user of Small Cities funds owns or has legal control of the project site. If the project is approved, evidence of ownership or legal control must be provided.

8. Prevailing Wage Acknowledgement:

Where direct assistance is involved the prospective borrower must submit a signed statement certifying that the prevailing wage rates were factored into the construction cost estimates and will be paid when construction and construction-related activities qualify the project.

NOTE: You are advised to contact Small Cities staff to determine if prevailing wage rates apply to your project prior to submitting your pre-application.